



From the office of
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Bending the Curve:

12 Ways Health Reform Will Tackle Runaway Costs

Because of cost-cutting measures in health reform, American employers and employees will spend about \$800 billion less on health care than they would have otherwise over the next 15 years.

Reform will plug the leaks in the health care system while still protecting care in 12 ways:

1) Spend less money fixing treatment mistakes: Hospitals spend between \$17 billion and \$29 billion per year to fix medical errors. 98,000 Americans die each year from mistakes. Reform will put “warranties” on care so mistakes aren’t paid for and require hospitals to report errors.

2) Slow runaway benefit packages: Taxpayers spent \$226 billion in 2008 to subsidize employer-provided insurance. The reform bill reduces the size and the rate of growth in taxpayer dollars spent on subsidizing certain health care coverage.

3) Move people from emergency rooms to routine care: In 2008, hospitals provided \$36 billion worth of unpaid care, mostly for emergency room visits. The cost of unpaid care adds an average of \$1,000 to the average person’s premiums. Reform would provide affordable coverage so people are not forced to use emergency rooms for basic care. It would also require individuals to have insurance, which will reduce free-riding on free care.

4) Reduce the use of ineffective treatments. Too much money is spent on ineffective therapies and expensive, new technology that may not benefit patients. Reform will help doctors determine which therapies work best and make this research available to all doctors across the country—from solo practitioners in rural areas to those at the Mayo Clinic.

5) Eliminate unnecessary tests and procedures: As much as 30 percent of our annual health care spending—or \$700 billion a year—goes toward treatments, tests and hospitalizations that do nothing for our health. Health reform would replace fees for service with fees for outcome to reduce the number of unnecessary tests and procedures and reward doctors and hospitals for providing efficient, high-quality care.

6) Manage chronic health problems: About \$45 billion is spent every year on preventable complications from chronic conditions such as diabetes, high blood pressure and heart disease. Reform would pay doctors to better manage a person's overall health. This would reduce preventable complications, ensure that patients get preventive care and reduce the cost of treating chronic diseases.

7) Computerize doctors' offices and hospitals: The lack of information technology costs \$81 billion a year in lost productivity and errors. Reform will dramatically expand electronic health records and e-prescribing, prevent mistakes due to illegible handwriting and provide doctors broad access to computer-aided treatment and research tools so they make the best treatment decisions.

8) Create more head-to-head competition among insurers: Most workers can't choose among competing health plans based on price and quality, which means less pressure to hold down costs. Reform will create an electronic marketplace where plans will compete for business through lower prices and better benefits while consumers get more choices.

9) Let Medicare share in cost savings from productivity improvements: Rigid Medicare payment formulas mean that taxpayers don't benefit if services become less expensive. Reform will allow Medicare to benefit from lower prices due to increased productivity. This will help slow the rate of Medicare spending over time.

10) Reduce "defensive" medicine in anticipation of malpractice lawsuits: Between one-half percent to nine percent of total health care spending or—\$12 billion to \$211 billion a year—is spent on "defensive" medicine intended to avoid lawsuits. Reform allows states to begin experimenting with tort reform so that the system is fairer to both doctors and patients.

11) Create more incentives to keep people healthy: Obesity and smoking cost \$17.5 billion a year in medical costs. Reform allows employers to help their workers be healthier by providing discounts on health insurance premiums for workers who maintain healthy habits.

12) Waste less time processing paperwork: Between \$50 billion and \$70 billion a year is spent on administrative tasks such as filling out multiple variations on insurance forms and processing claims. Reform will simplify paperwork so that doctors can spend less time on paperwork and more time with patients.